



COVID-19 Indigenous Business Survey: Phase II



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EXECUTIVE SUMMARY

INTRODUCTION

The COVID-19 virus was declared a global pandemic by the World Health Organization on March 11, 2020. Since then, provinces, territories, Indigenous communities, and municipalities across Canada have declared multiple states of emergency to implement safety measures and reduce the spread of the virus. The impact of the COVID-19 pandemic on people, communities, and the economy has been unprecedented, with vulnerable and systemically disadvantaged groups experiencing increased negative impacts. Research and information sharing have and will continue to play a crucial role in developing effective policies and programming during the pandemic, recovery stage, and beyond.

To understand the impact of the COVID-19 pandemic on Indigenous businesses in Canada, CCAB and the Indigenous Business Covid-19 Response Taskforce launched Phase 1 of the COVID-19 Indigenous Business Survey in April of 2020. This inaugural survey and subsequent report demonstrated that Indigenous-owned businesses were among the hardest hit by the COVID-19 pandemic.

During a global crisis, it is more important than ever to focus efforts on collecting quality data to assist with targeted recovery plans for distinctive economic groups. Indigenous businesses have a unique place in the Canadian economy and will require ongoing policies and strategies that meet their individual needs. To build on our understanding of the impacts of the COVID-19 pandemic and the changing economic environment, CCAB, the National Aboriginal Capital Corporations Association (NACCA), and the National Indigenous Economic Development Board (NIEDB) undertook a second phase of the COVID-19 Indigenous Business Survey in December 2020. Cross-sectional results are described in this report.

Phase II of the COVID-19 Indigenous Business Survey provides crucial insight into the changing impacts to Indigenous businesses amidst second and third waves of the pandemic and ongoing public health restrictions in Canada. The report makes comparisons to data collected from the first COVID-19 Indigenous Business Survey and provides analysis on access and engagement with government programming and supports where possible. Significantly, the report builds on our previous understanding of Indigenous businesses' most pressing needs throughout the pandemic.

Overall, this second phase of the survey shows that numbers are improving on many indicators such as overall economic impact, as well as the impact on revenue, staff, and survival rates. However, while these figures have improved, they are still alarmingly high and new indicators show that Indigenous businesses are still faced with significant challenges. For example, nearly four in ten businesses closed temporarily, and 2% of respondents closed permanently. Nearly half (48%) laid off staff either permanently or temporarily. Notably, these figures may be underrepresented in the data since closed businesses may have opted out of the survey, and struggling businesses understandably have limited time to participate in voluntary surveys. Furthermore, while most respondents have experienced negative impacts, a large proportion did not apply for government support, and many were unable to take on further debt to continue their operations. This indicates a missing link between Indigenous business needs and the availability of appropriate supports.

As we continue through the pandemic and into the next stage, vaccines are becoming available, businesses are continuing to adapt, various supports have been dispersed, and business outlook is improving. Over a third (37%) of businesses felt a positive outlook for the coming months. This is compared to only 13% who reported a positive impact during this stage of the pandemic. When looking at the most pressing concerns, survival (such as funding or a return to normal) reduced slightly from Phase I, while concern for maintenance and adaptation (support for management, additional resources and training, and adaptation and innovation) has increased. Finally, Indigenous businesses have been championing their communities, with 34% taking initiatives to support local people or businesses during the pandemic.

METHODOLOGY

The Indigenous Business Survey Phase II was available between December 18, 2020, and February 1, 2021, collecting a total of 825 responses in both French and English. The survey was distributed using an open engagement approach, promoted online by CCAB, NACCA, and NIEDB through their business networks. Targeted advertisements were also used to promote the survey on Facebook and Instagram. Participation was voluntary and relied on a self-selection method where respondents could complete the survey fully or partially if desired. Due to the open and voluntary nature of the survey, the data is unweighted and should not be considered a representative sample based on the total Indigenous business population in Canada. However, the data collected covers businesses from across industry sectors, identity groups (First Nations, Inuit, and Métis), gender, location (on/off First Nation reserves, Métis settlements, Inuit Nunangat), and business size (annual revenues, employee numbers). The following report provides insight into the results of the Indigenous Business Survey, looking into business characteristics, impacts, industry, government and non-government supports, and needs moving forward.

In this report, comparisons are made between Phase 1 (distributed from April 29 – May 22, 2020) and Phase 2 (distributed December 18, 2020 – February 1, 2021).

KEY FINDINGS

IMPACTS

- Nearly three-quarters (73%) of Indigenous businesses who participated in this survey have been negatively impacted by the COVID-19 pandemic.
- A larger portion of businesses (13%, up 9 points from Phase 1) described the impact as positive, skewing to secondary industries (including retail and wholesale trade, manufacturing, and transport).
- More than half (57%) of Indigenous businesses reported that their business has been open throughout the pandemic, while almost four in ten (37%) closed temporarily and 2% permanently due to the pandemic.
- Similar to the first COVID-19 Indigenous Business Survey, the most commonly reported impacts of COVID-19 were a drop in revenue; cancellation of meetings, gatherings, or events; and a decrease in customer demand. However, the proportion of respondents experiencing these impacts has decreased since Phase 1.
- Almost half (48%) of Indigenous businesses laid off staff either temporarily (33%) or permanently due to the pandemic (15%); one in ten (11%) hired new staff.
- There were mixed predictions about business outcomes for the next six months, with similar proportions who anticipated positive (37%) and negative (42%) impacts (the remaining 21% predicted no real change). Notably, however, the proportion of businesses who were optimistic about the next six months was higher than those who reported positive impacts from COVID in this survey (13%), suggesting a sense of optimism about the future for some businesses.

ASSISTANCE AND PROCUREMENT

- Four in ten (44%) Indigenous businesses said they cannot operate beyond the next six months without further support. This proportion has dropped since Phase 1 (54%), while the proportion of businesses who did not need further financial supports increased, suggesting the situation has improved since Phase 1.
- More than half (58%) of businesses who said they require financial assistance applied for at least one type of government financial assistance program, and most of them (52% of the total sample) received it. The top source of government financial assistance was Canada Emergency Business Account (CEBA), followed by Canada Emergency Wage Subsidy (CEWS).
- Nearly half of Indigenous businesses surveyed said that financial requirements were a barrier to accessing the COVID-19 Economic Response Plan; in addition, one quarter said they had difficulty meeting some of the application requirements.

PIVOTING/FUTURE NEEDS

- One-third of participating businesses said they have taken initiatives to support people and/or other businesses in their community during the pandemic, including donations, “shop local” campaigns, partnerships with other businesses, and reduced/modified payments for products and services.
- Accelerating digital transformation and building online presence was the main way businesses adapted to the pandemic, via increased online communication (38%) and marketing (33%), creation of an online platform (28%), and hosting online events (22%).
- Social media/digital marketing training (45%) and grant, proposal, or application writing (43%) were identified as training Indigenous businesses would find most useful, followed by web development (36%) and business planning (36%).

DEMOGRAPHICS

The COVID-19 Indigenous Business Survey 2.0 had respondents from each Indigenous identity group. The largest group was First Nations, making up 64% of respondents, followed by Métis (30%), and Inuit (3%). Four in ten (40%) businesses were located within their Indigenous communities; this included communities inside Inuit Nunangat, Métis settlements, and First Nations reserves. In terms of gender, this survey found that there were equal proportions of women- and men-owned businesses (40%). Eight percent of businesses had equal ownership between men and women, and 2% of owners identified as non-binary, two-spirit, or transgender (Figure 1).



Figure 1

**charts exclude “DK/NA” and “prefer not to answer” responses.*

Businesses were located across all provinces and territories in Canada. Ontario had the highest representation of respondents (25%), followed by British Columbia (21%) and Alberta (18%). The remaining provinces had a smaller representation of respondents: 4% of businesses were from the territories (Northwest Territories, Yukon, Nunavut), 4% were from Quebec, and 6% were from the Atlantic region (New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland & Labrador) (Figure 2). Compared to Statistics Canada data from 2019, western provinces and territories were overrepresented in the data, while Quebec and Ontario were underrepresented.¹

1 Key Small Business Characteristics – November 2019 (Ottawa: Statistics Canada, 2019), https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03114.html

Regional Distribution

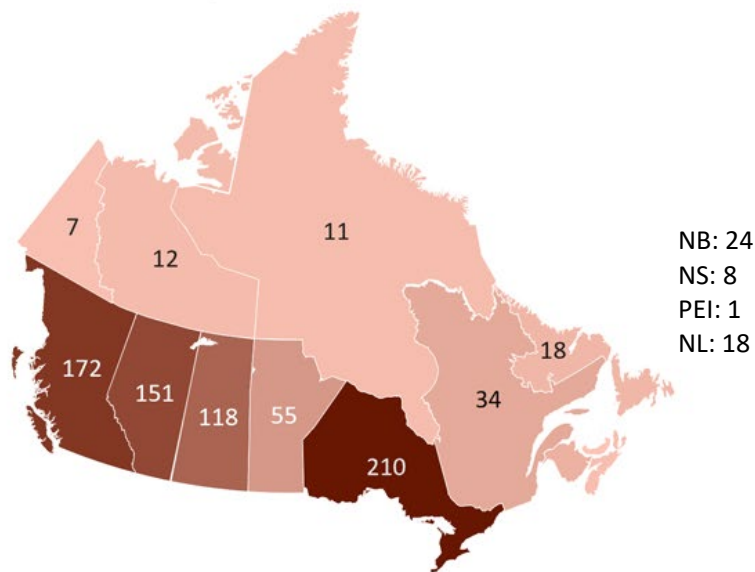


Figure 2

BUSINESS CHARACTERISTICS

Most businesses surveyed were privately owned (87%), for-profit (91%), and incorporated (56%) (Figure 3). Nearly three-quarters had employees (72%), and 28% had no employees (Figure 4), and three-quarters (75%) had revenue below \$1 million (Figure 5). Previous CCAB research has shown that 53% of Indigenous businesses have no employees and are unincorporated and that Indigenous businesses are less likely to be incorporated than the Canadian average.² This survey showed that 45% of businesses located in their community were incorporated, compared to 64% of businesses located outside of their community.



Figure 3

*charts exclude "DK/NA" and "prefer not to answer" responses.

2 Promise and Prosperity: The 2016 Aboriginal Business Survey (Toronto: Canadian Council for Aboriginal Business, 2016), <https://www.ccab.com/wp-content/uploads/2016/10/CCAB-PP-Report-V2-SQ-Pages.pdf>.

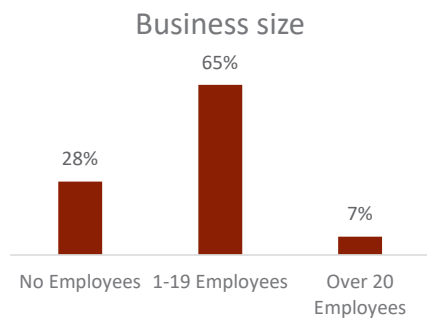


Figure 4

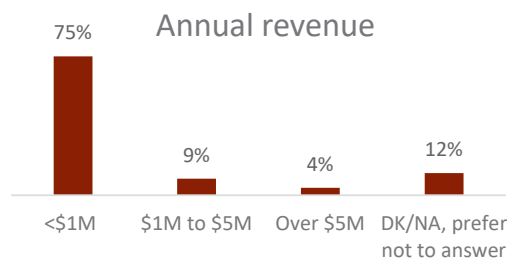


Figure 5

Most (58%) are in the service industry, followed by secondary (17%), natural resources (13%), and construction (11%) (Figure 6). A full breakdown of these categories is provided later in the report. Many appear to have a diverse client base, with 39% doing business outside their province, 14% in the United States, and 7% overseas (Figure 7).

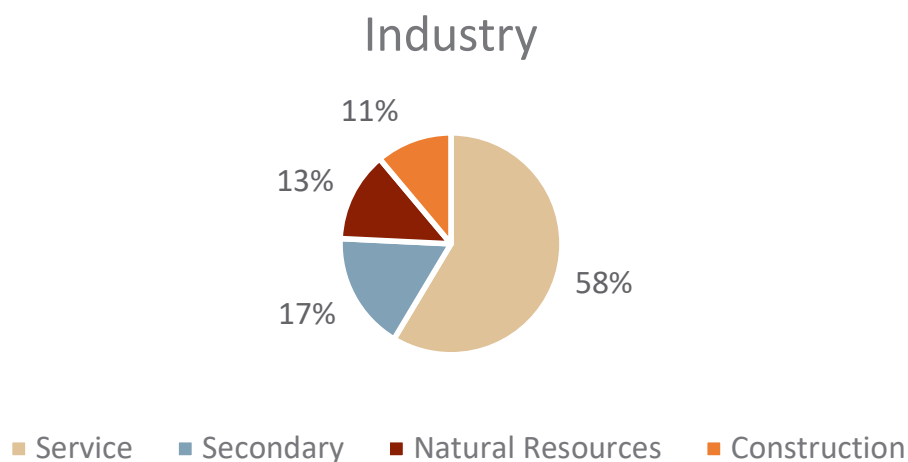


Figure 6

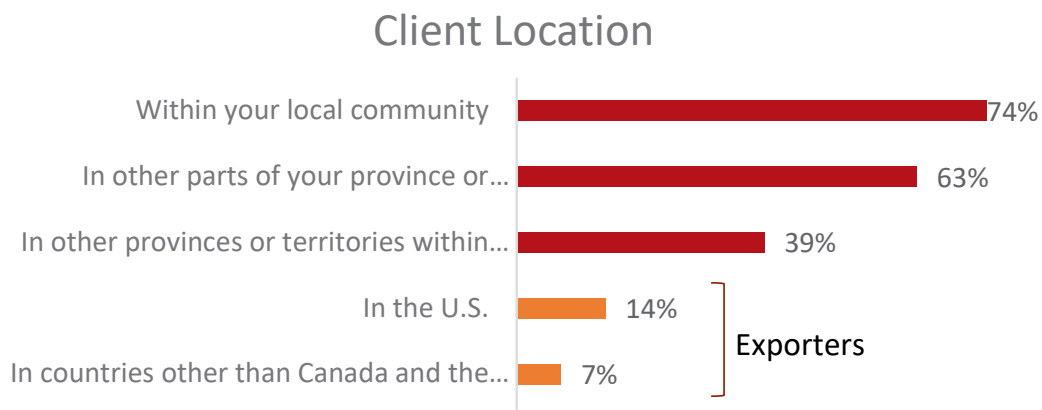


Figure 7



BUSINESS IMPACTS

OVERALL IMPACT

Many Indigenous businesses were struggling to cope with the pressures of operating during the COVID-19 pandemic. Nearly three-quarters (73%) of Indigenous businesses experienced a negative impact from the COVID-19 pandemic (Figure 8). Overall, fewer business owners reported adverse impacts, down 18% since May 2020, and the proportion of Indigenous businesses that reported a “very negative” impact has declined (36% compared to 56%). A higher proportion described the impact as positive compared to the first survey (13% vs. 4%), with secondary industries more likely to report positive impacts.

Businesses continued to experience decreases in revenues (61%), cancellations of meetings and events (51%), and a decrease in demand for products and services (43%). Nearly a quarter (22%) experienced a severe drop in revenues (50% or more), and 37% experienced temporary closures. Responses show that 2% of businesses have closed permanently; however, this may be under-reported since closed businesses may not have completed the survey. While the comparison between the first and second phases of the COVID-19 Indigenous Business Survey reveals that the economic indicators are improving, most businesses are still facing significant negative impacts. The impacts on revenues, disruptions to business operations, and business closures continue to be a major cause for concern moving forward.

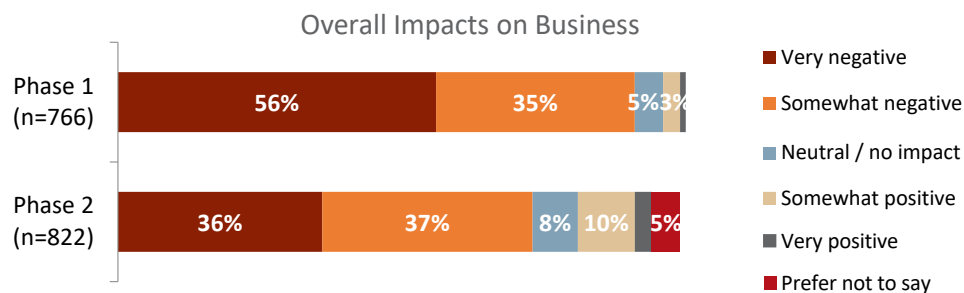


Figure 8. Q19: Considering your business operations, has the overall economic impact of the COVID-19 pandemic been ...? Base: Total responding to question (n=822).

Critical Insights

- Businesses in secondary industries (27%), including retail and wholesale trade, manufacturing, and transport, were significantly more likely than the natural resources (8%), construction (2%), and service industries (13%) to have experienced a positive economic impact during the COVID-19 pandemic.
- Businesses that have a diverse market base have fared significantly better through the pandemic. Nearly a quarter (24%) of businesses that export internationally and 22% of businesses that had customers across Canada experienced a positive impact during the pandemic. This is compared to only 14% of businesses that had customers within their local community or province or territory. Three-quarters (75%) of businesses that had local customers experienced a negative impact, compared to the roughly two-thirds of businesses that had customers across Canada (68%) or in other countries (67%).

IMPACTS ON BUSINESS

Similar to Phase 1, the most commonly reported impacts of COVID-19 were a decrease in revenues (61%); a decrease in demand for products or services (43%); and cancellations of meetings, gatherings, or events (51%). However, these impacts were less widespread than in Phase 1, down 16%, 23%, and 9%, respectively, since May 2020. However, reports of disruptions in supply chains have increased from 25% to 29% since Phase 1. Additionally, new impacts were reported in this phase, including pressure to find new ways of providing services or goods (40%), additional personal debt (37%), and additional costs due to public health requirements (32%) (Table 1).

As policies have changed and businesses have adjusted to the new realities of the pandemic, we can see that the impacts on businesses have begun to improve with time as businesses continue to adapt. However, while they have improved, they remain alarmingly high and further support will be necessary to ensure that recovery continues. Notably, characteristics such as region, location on- or off-reserve, and destination markets had a significant relationship with the impacts experienced by businesses.

Table 1. Q18: Which of the following impacts has this business experienced as a direct result of the pandemic? Base: Total responding to question (n=822)

COVID-19 Impacts on Business	Phase 1 n=766	Phase 2 n=822
Decrease in revenues	77%	61%*
Cancellation of meetings, gatherings, or events	60%	51%*
Decrease in demand for products or services	66%	43%*
Higher anxiety from staff	41%	41%
Pressure to find new ways of providing services or goods	NA	40%
Additional personal debt (to support the business)	NA	37%
Cancellation of contracts	37%	36%
Closed or restricted travel in and out of the community	36%	36%
Additional costs resulting from public health requirements to physically distance	NA	32%
Disruptions in your supply chain	25%	29%
Cancelling staff travel	32%	22%*
Staff absences due to self-quarantine or illness	20%	19%
Staff absences due to family responsibilities, including home schooling	18%	18%
Increase in demand for products or services	11%	14%

COVID-19 Impacts on Business	Phase 1 n=766	Phase 2 n=822
Unreliable internet causing disruptions for at-home workers or e-commerce	7%	12%*
Increase in revenues	NA	8%
Other	5%	6%
No current impacts	1%	2%
Prefer not to answer / Don't know / Not applicable	1%	3%

Entries marked with * are significantly lower/higher than Phase 1

Critical Insights

- Though the territories had a small sample size, they were most likely to report impacts such as restricted travel in and out of the community (57%), disruptions in the supply chain (50%), and unreliable internet (20%).
- Indigenous businesses in their community (a reserve, settlement, or Inuit Nunangat) were more likely to experience restricted travel within their communities (45%, vs. 30%). Additionally, they were less likely to see an increase in demand for their products and services (11% vs. 17% off-reserve); have less reliable internet (15% vs. 10%), and were less likely to have an increase in revenues (6% vs. 10%).
- Businesses that export outside Canada were more likely to:
 - report pressure to find new ways of providing services or goods (63%), more likely to take on additional personal debt (55%)
 - experience disruptions in their supply chain (40%)
 - experience an increase in demand (28%) and revenues (21%)

IMPACTS ON BUSINESS REVENUE

The pandemic has made it difficult for businesses to operate as usual during the past year. Regional lockdowns, social distancing measures, and travel restrictions have significantly impacted Indigenous businesses, many of whom operate in construction, tourism, and accommodations. Businesses have had to adapt or offer reduced or altered services, which is reflected in their revenue. Half (51%) of Indigenous businesses reported a decline in revenue since their 2019 fiscal year, with 36% experiencing a decrease of 30% or more and 22% having their revenues decreased by half. These proportions have decreased since Phase 1, when two-thirds (67%) reported lower revenues in the first quarter of 2020 compared to 2019 (Figure 9), suggesting some businesses have recovered from the initial shock. The Canadian Survey on Business Conditions from the same quarter states

that “three-fifths (60.5%) of all businesses reported that revenues were down in 2020 from a year earlier and nearly one-third (31.0%) reported that revenue fell by 30% or more.”³

One in five (19%) businesses report increased revenues from the previous year (Figure 9). This figure is promising; however, it is important to consider that struggling or closed businesses may be underrepresented in the results due to their many burdens.

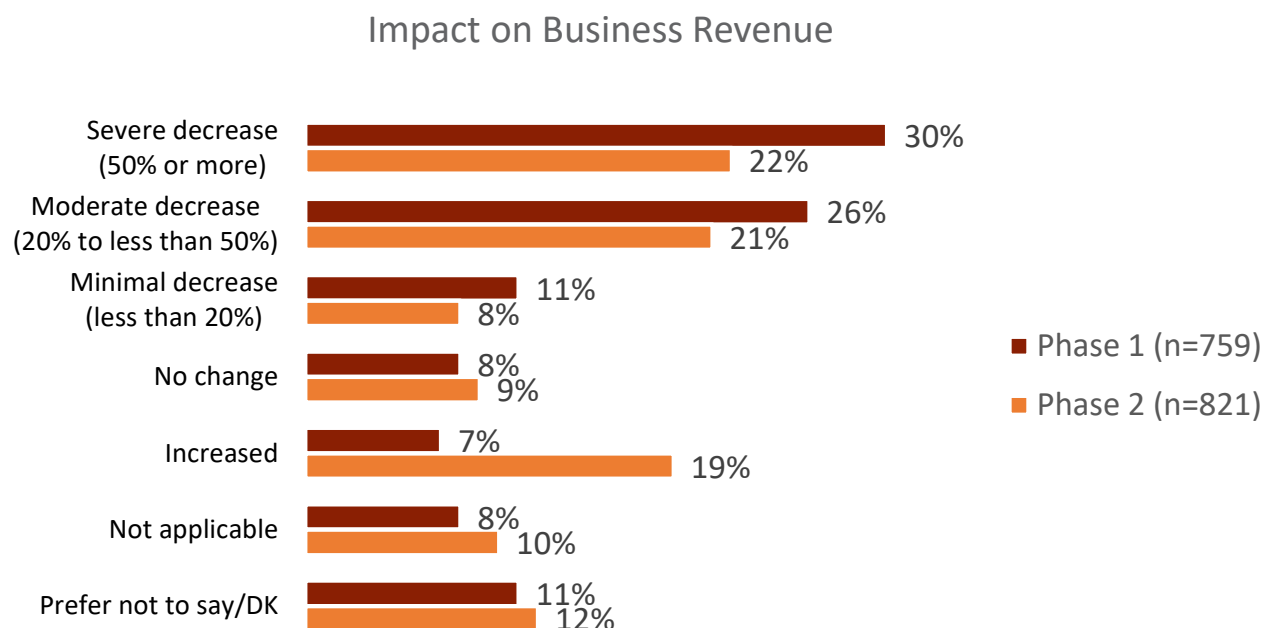


Figure 9. Q16: How much, if at all, has your gross annual revenue changed since the 2019 fiscal year? Please provide your best estimate.
Base: Total responding to question (n=821).

CLOSURES

Disruptions to business continuity have been another crucial impact, particularly due to lockdowns and business restrictions during the pandemic. More than half (57%) of Indigenous businesses reported that their business has been open throughout the pandemic, while almost four in ten (37%) closed temporarily. Of respondents, 2% have closed permanently (Figure 10). The Canadian Survey on Business Conditions shows that a lesser proportion of Canadian businesses experienced temporary closures (23%), and 40% of Canadian businesses remained fully operational throughout the pandemic. However, this survey offered the option for partial operation, which was not included in the CCAB survey, so comparisons should be made with caution.⁴ As this survey was distributed online and through business networks, there may be an underrepresentation of closed businesses. This will be an important indicator to monitor over time with quality data collection and analysis.

³ Canadian Survey on Business Conditions, first quarter 2021 (Ottawa: Statistics Canada, 2021) <https://www150.statcan.gc.ca/n1/daily-quotidien/210305/dq210305b-eng.htm>

⁴ Statistics Canada. Table 33-10-0309-01 COVID-19 impact on business or organization status, by business characteristics

Impacts on Business Operations

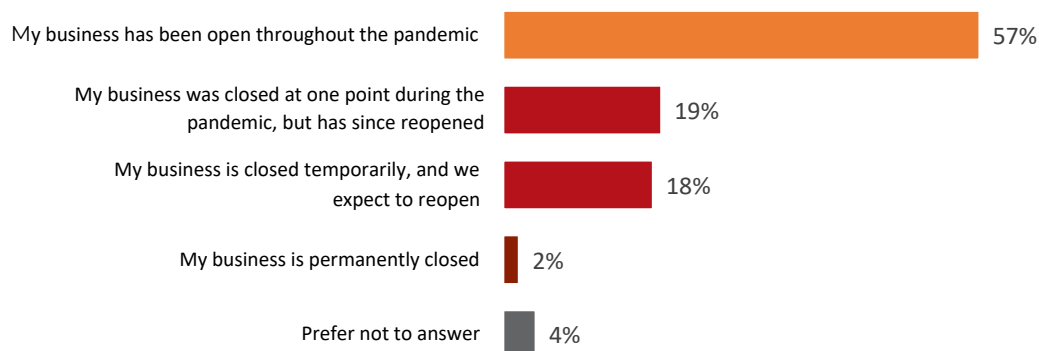


Figure 10. Q4: Which of the following best describes your business? Base: Total responding to question (n=825).

Critical Insights

- A higher proportion of Indigenous businesses located outside of the community (62%) remained open throughout the pandemic compared to those located inside the community (52%).
- A higher proportion of incorporated businesses (65%) remained open during the pandemic compared to unincorporated businesses (46%).

EMPLOYMENT

Because Indigenous businesses are likely to hire Indigenous staff (83% of Indigenous businesses with employees say they employ at least one Indigenous person, representing 30% of all Aboriginal businesses),⁵ impacts on employment will likely have broad effects on Indigenous communities. Almost half (48%) of Indigenous business respondents laid off staff either temporarily (33%) or permanently (15%) due to the pandemic. The survey also showed that one in ten (11%) hired new staff, and 48% experienced no change, indicating that some respondents were able to continue business as usual (Figure 11).

Impacts on Employees*

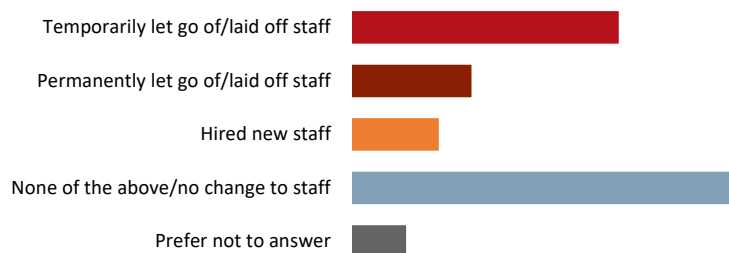


Figure 11. Q13: Did your business experience any of the following as a direct result of the pandemic? Base: Total responding to question (n=823).

*Numbers do not add up to 100 because respondents could select multiple options.

5 Promise and Prosperity: The 2016 Aboriginal Business Survey (Toronto: Canadian Council for Aboriginal Business, 2016), <https://www.ccab.com/wp-content/uploads/2016/10/CCAB-PP-Report-V2-SQ-Pages.pdf>.

The average number of employees did not shift substantially since before the first lockdown in March 2020. However, at the individual level, many businesses reported hiring or laying off staff.

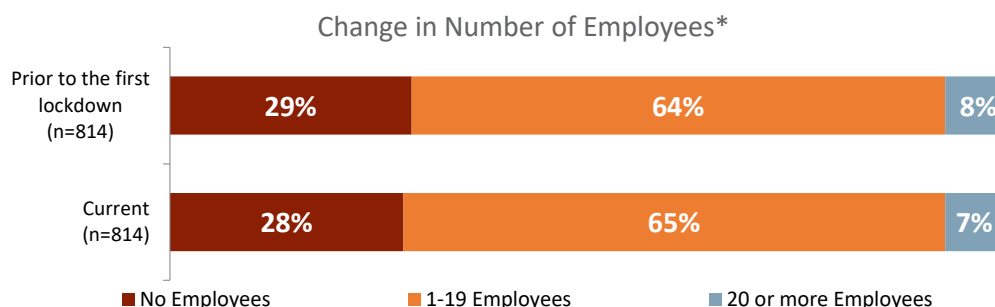


Figure 12. Q12: Including yourself, how many employees does your business currently have? Base: Total responding to question (n=814). Q14. Including yourself, how many employees did your business have in February 2020, prior to the first lockdown in March? Base: Total responding to question (n=814).

*Numbers may not add to 100 due to rounding

Many businesses have had to adapt the way they work because of lockdowns, social distancing, and other safety measures. Working from home has become the new normal for many people across Canada, but others were unable to adapt the way they work under these new conditions. Four in ten Indigenous businesses (43%) reported a moderate to high impact on staff (i.e., fewer than 80 percent able to continue most of their duties) due to COVID-19. However, this group of businesses was smaller than before (52%), suggesting the situation has improved since Phase 1 (Figure 13). This may be due to improved safety measures in the workplace, changes in regional policy such as lockdowns or other restrictions, increased ability to work from home or online, increased revenue, or access to funding to cover salary costs.

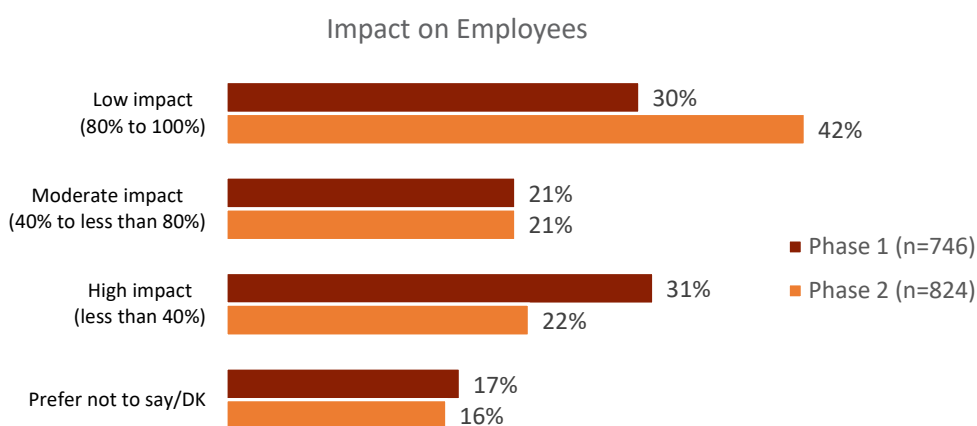


Figure 13. Q20: What percentage of the business's employees are still able to carry out majority of their duties at this point in the pandemic? Base: Total responding to question (n=824).



INDUSTRY

Indigenous businesses are active in all industries across Canada. CCAB's research found that the impacts of the pandemic were closely tied to the industry in which businesses operate. In past research, CCAB has categorized Indigenous industries as service, secondary, natural resources, and construction. While other industries are grouped, construction is included on its own as Indigenous businesses are overrepresented in this sector. Below is a breakdown of the industries surveyed and the categories used for analysis (Table 2).

INDUSTRY BREAKDOWN							
Service N=478 58%	Professional, scientific, and technical services	82	10%	Secondary N=143 17%	Retail trade	79	10%
	Arts, entertainment, and recreation	69	8%		Manufacturing	28	3%
	Accommodation and food services	34	4%		Transportation and warehousing	27	3%
	Health care and social assistance	31	4%		Wholesale trade	9	1%
	Educational services	29	4%				
	Information and cultural industries	18	2%				
	Management of companies and enterprises	17	2%				
	Finance and insurance	16	2%				
	Administrative and support...	10	1%				
	Public administration	8	1%				
	Real estate and rental and leasing	7	1%				
	Other services	157	19%				
Natural Resources n=106 13%	Agriculture, forestry, fishing, and hunting	61	7%	Construction n=90 11%	Construction	90	11%
	Mining, quarrying, and oil and gas extraction	37	4%				
	Utilities	8	1%				

Impacts of the pandemic varied by industry, although the majority of businesses have suffered regardless of business activity. Over a quarter (27%) of secondary industries experienced a positive impact, compared to only 2% of construction companies (Figure 14). Differences in employment, revenue, and types of impacts experienced vary between industries, likely depending on availability of contracts, ability to adapt to safety protocols or work from home, and even distribution of essential services within each category.

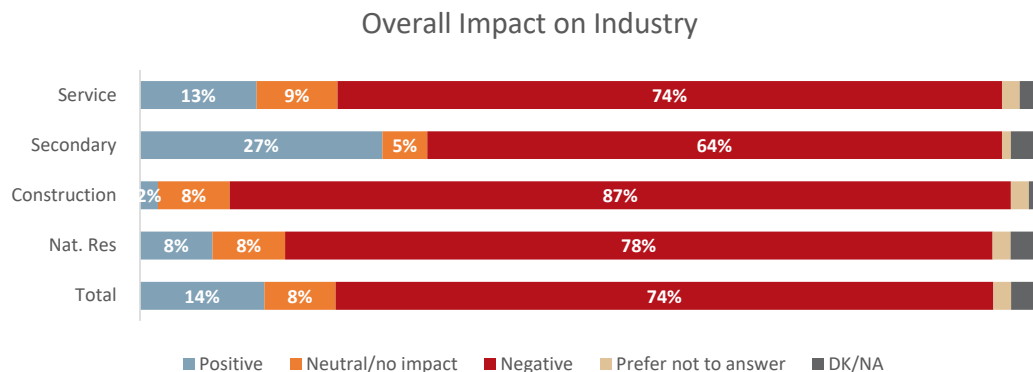


Figure 14. Q19: Considering your business operations, has the overall economic impact of the COVID-19 pandemic been ...? Base: Total responding to question (n=822).

Construction (69%) and secondary (63%) companies were most likely to have remained open throughout the pandemic, compared to 48% of natural resource businesses and 55% of service businesses. Natural resource businesses (46%) and service businesses (44%) were most likely to have permanently or temporarily closed compared to construction (27%) and secondary businesses (33%) (Table 3).

Business Closures by Industry				
	Nat. Res	Construction	Secondary	Service
Total	n=106	n=90	n=143	n=478
My business has been open throughout the pandemic	48%	69%*	63%*	55%
My business was closed at one point during the pandemic, but has since reopened	17%	13%	17%	22%*
My business is closed temporarily, and we expect to reopen	27%	12%	14%	18%
My business is permanently closed	2%	2%	2%	1%
Prefer not to answer	6%	3%	3%	4%

While construction companies were most likely to remain open, they experienced the most fluctuations in staffing. They were most likely to permanently (29%) or temporarily (46%) let go of employees and were also the most likely to have hired new staff (17%) (Figure 15).

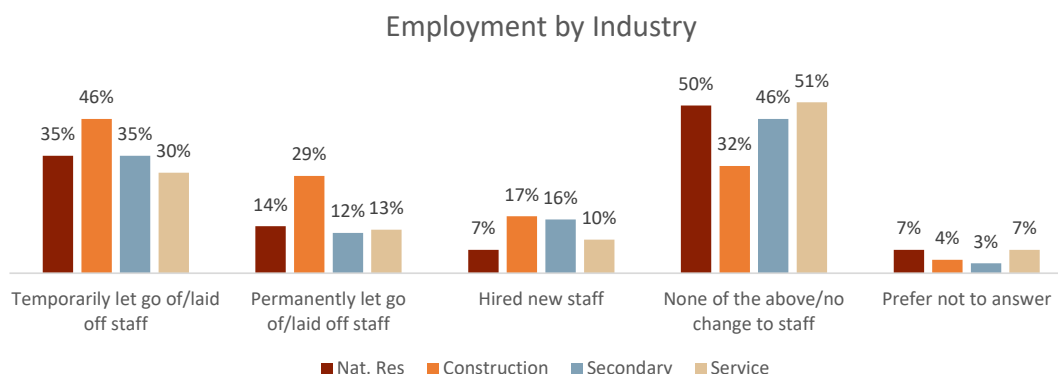


Figure 15. Q13: Did your business experience any of the following as a direct result of the pandemic? Base: Total responding to question (n=823).

Overall, about half (51%) of respondents experienced a decrease in revenues. Over two-thirds (65%) of construction companies experienced a decrease in revenues, which was followed by natural resources (55%), service (51%), and secondary industries (44%). Nearly three in ten (28%) secondary industries experienced an increase in revenues (Figure 16).

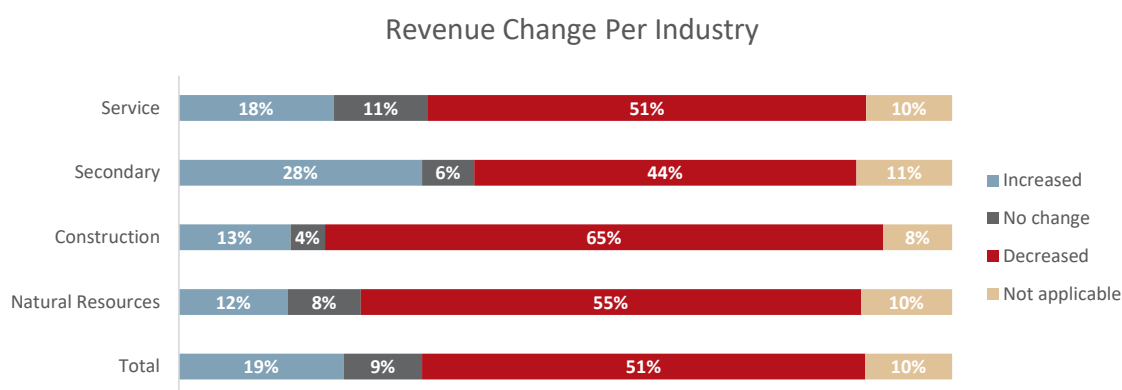


Figure 16. Q16: How much, if at all, has your gross annual revenue changed since the 2019 fiscal year? Please provide your best estimate. Base: Total responding to question (n=821).

In terms of business needs, construction companies are most likely to need the economy to return to normal (59%), followed by service (51%), natural resources (43%), and secondary businesses (40%) (Table 4). Their top concern is access to contracts/clients/funded projects. This may be due to difficulties adapting to safety protocols and reliance on project-based work, much of which has been postponed. On the other hand, natural resource (38%) and secondary (35%) businesses were most likely to require financial support.

Table 4. Q17: What is your most pressing business need at this time? Base: Total responding to question (n=750).

MOST PRESSING BUSINESS NEEDS					
	Total	Nat. Res	Construction	Secondary	Service
Economy / Business back to normal	49%	43%	59%*	40%	51%
Financial support	28%	38%*	22%	35%	25%
Management / planning / staff	16%	9%	11%	22%	17%
Additional resources and training	13%	12%	12%	16%	13%
Adaptation and innovation within business	6%	2%	1%	6%	8%*

Entries marked with * are significantly different than the average

Service (42%) and secondary (34%) businesses were most likely to report that they did not have any lending relationships, which hinders their ability to access financial support through government funding or private loans. This is compared to 27% of businesses in natural resource industries, and 20% of construction companies. Businesses in service (49%) and secondary (42%) industries were most likely to require financial support below \$50,000, while natural resources (45%) and construction (44%) required larger amounts, at \$50,000 and up. Construction companies were significantly more likely than other industries to apply to CEBA (51%), CEWS (47%), and relief measures for Indigenous businesses (26%), which were the top three government programs used. The average rate of application for these programs was 38%, 21%, and 13%, respectively.

Estimates of business survival were similar across industries; however, businesses in the construction sector were most likely to report a survival rate of fewer than 6 months (Figure 17). A small percentage of service, secondary, and construction businesses had already closed. Other responses included explanations such as they were relying on new contracts, they were closed until further notice, that their business was just starting up, or looking for creative ways to adapt and survive rather than relying on other funding.

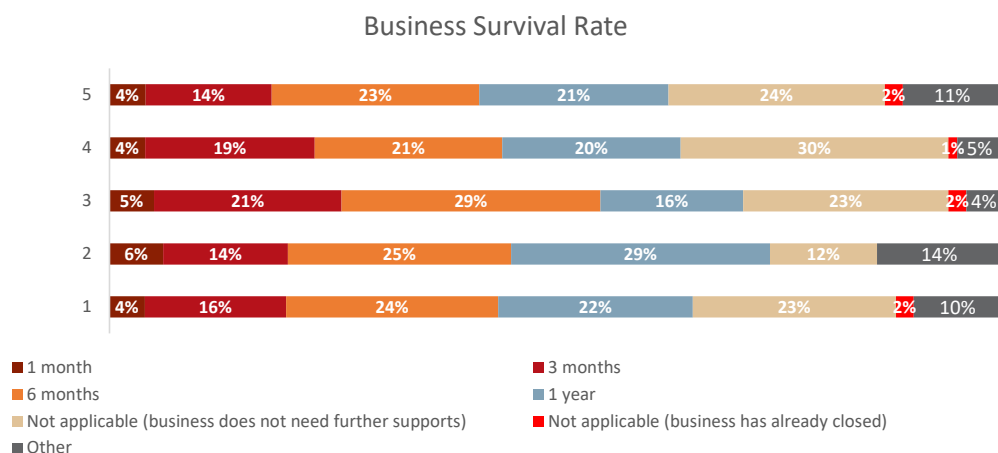


Figure 17. Q30: How long can this business continue to operate under current conditions, if no further supports are available? Base: Total responding to question excluding "Prefer not to answer" and "Don't know" (n=503).

Some industries appear to be more flexible in terms of adapting to the “new normal” or changing their business to follow safety precautions. Secondary businesses were most likely to use online marketing (44%), create an online platform (33%), change their products or services to meet demand (27%), and change the physical space of their business (33%). Service industries were also likely to adapt by increasing online communications (35%), online marketing (35%), working remotely (32%), and having events online (28%) (Figure 18). These businesses were overall more likely to require skills or training to navigate current business challenges.

Natural resources (20%) and construction businesses (23%) were less likely to make changes to their businesses because of the pandemic (Figure 18). This may speak to the ability of businesses in certain industries to adapt using measures such as working from home or social distancing — construction and natural resources may provide fewer options for these changes. This may also be related to the fluctuations in employees, revenue, and closures seen in these industries.

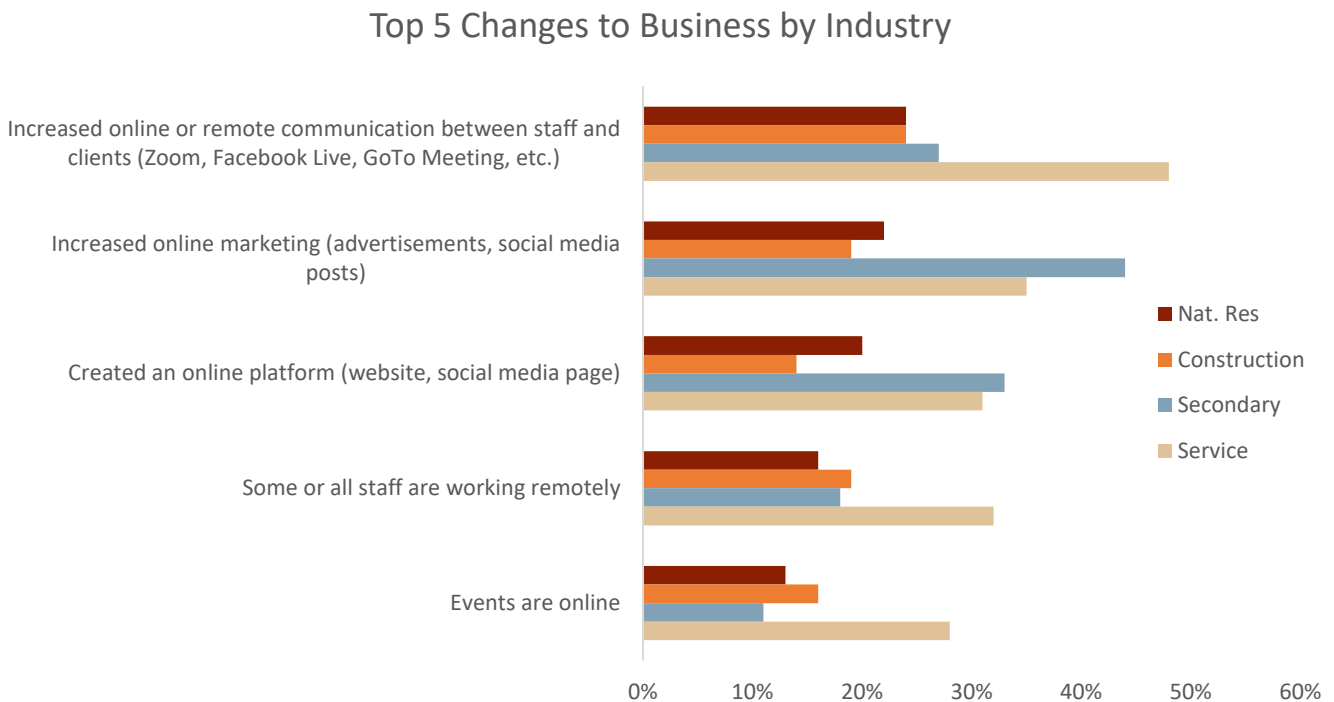


Figure 18. Q35: In which of the following ways, if any, have you changed your business as a direct result of the pandemic? Base: Total responding to question (n=710).



FUNDING AND SUPPORT

CURRENT LENDING RELATIONSHIPS

Similar to Phase 1, over one third (36%) of businesses surveyed had no current lending relationships with banks, credit unions, or government lenders (Figure 19). This lack of an existing lending relationship poses a barrier to organizations requiring quick access to funds in a crisis. It is unclear why fewer businesses than before report lending relationships with large Financial Institutions (29% vs. 38% in Phase 1), and a greater proportion use Aboriginal Financial Institutions (AFIs) (29% vs. 22% in Phase 1).

This may be due to different businesses participating in each phase of the survey, or increased outreach by AFIs and access to loans made available through the \$306.8 million stimulus package announced by the Prime Minister on April 18, 2020. It may also be due to better lending terms offered by AFIs, such as interest-free loans, lower interest rates, forgivable loans, and non-repayable contributions. Additionally, AFIs tend to have a better understanding of the Indigenous business landscape, offer more personalized services, and are owned by the communities they serve.

Four in ten (39%) respondents who reported lending relationships said it is or was secured by personal assets (Figure 20).

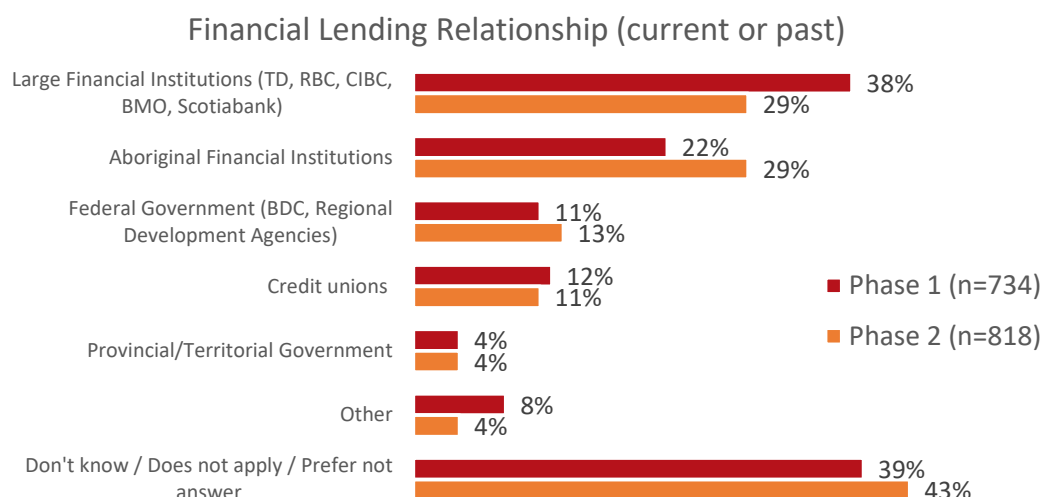


Figure 19. Q22: Does this business have a current or previous financial lending relationship with the following....? Base: Total responding to question (n=818).

Business Loan Secured By Personal Assets

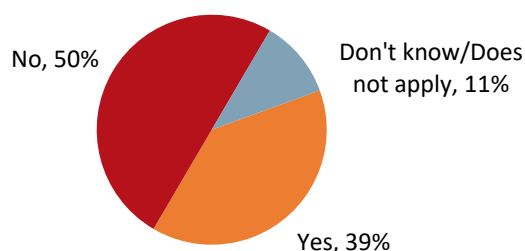


Figure 20. Q23: Is or was this business loan secured by personal assets? Base: Those report lending relationships (n=464).

Critical Insights

- Women-owned businesses were less likely to report lending relationships with Aboriginal Financial Institutions (25% vs. 32% of men-owned businesses) or mainstream (non Indigenous) Financing Institutions (21% vs. 34% of men-owned businesses).
- Incorporated businesses (72%) were more likely to have lending relationships with any financial institution when compared to unincorporated businesses (46%).
- Businesses located within their Indigenous community (such as a First Nations reserve, a community inside Inuit Nunangat, or a Métis settlement) favoured AFIs, while businesses located outside of their Indigenous community favoured large financial institutions.

NON-GOVERNMENT SUPPORT

Businesses received support from many sources, with over one-quarter (27%) of Indigenous businesses receiving some type of non-government financial assistance. The most common was a line of credit (12%). Business loans (5%) and private investments (5%) were the next most common. Other options included support from an Indigenous government, a community organization, or a non-profit. Additionally, a small amount received support from fundraising or crowdfunding (1%). While overall government support (52%) was much more common than non-government financial support (27%), these alternative streams of financial assistance have been helpful to Indigenous businesses as they try to maintain business operations throughout the pandemic (Figure 21). These avenues should be developed further; diversifying sources of loans and other support will be important to ensuring that Indigenous businesses can find sources other than the federal government. Removing barriers to working with financial institutions will be a crucial next step.

Non-Government Financial Assistance Received

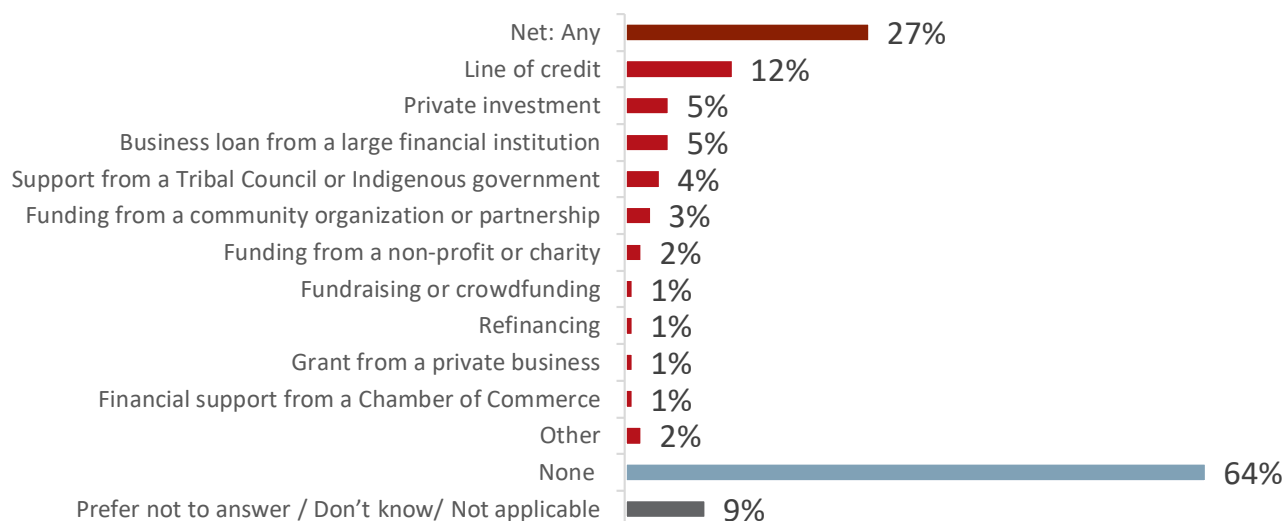


Figure 21. Q29. What non-government financial assistance has your business received, if any? Base: total responding to question (n=658).

Critical Insights

- Businesses located outside their Indigenous community (16%) were significantly more likely to have accessed a line of credit than businesses located within their communities (7%).
- Women-owned businesses (7%) were more likely to receive financial support from a Tribal Council or Indigenous government compared to men-owned businesses (2%).

FINANCIAL ASSISTANCE

While many government programs have been put in place to support Indigenous and Canadian businesses during the past year, and survey respondents that applied for support have generally indicated that they received support, businesses are still in need. Seven in ten (72%) survey respondents indicated they required some financial assistance. Businesses tended to require smaller loans: four in ten (43%) Indigenous businesses who needed support said they need up to \$50,000 to get through the next six months, while three in ten (29%) are seeking larger amounts of \$50,000 or more (Figure 22). A wide range of businesses would be sustained by smaller loans. Only 17% of respondents reported that they do not require additional financial assistance (Figure 22).

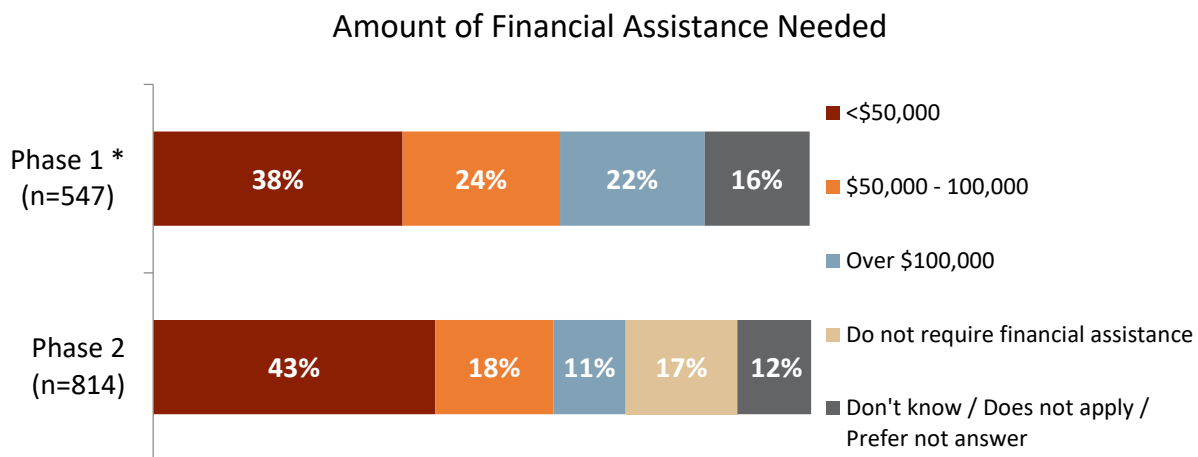


Figure 22. Q24: If you require financial assistance, how much is needed to maintain normal business operations over the next six months? Base: Total responding to question (n=814).

*Phase 1 and 2 results should be compared with caution since “Do not require financial assistance” was not offered as an answer category in Phase 1.

Of respondents who required financial assistance, 58% applied for government support and 52% received it. This left 6% who did not receive any government funding they applied for and 42% who did not apply (Figure 23). When 72% of participants indicated they needed financial assistance, this raises the question of why nearly half did not apply for any support. The top barriers to accessing funding included application requirements and financial requirements — the following section goes in-depth into this subject (Table 5).

Businesses Requiring Financial Assistance

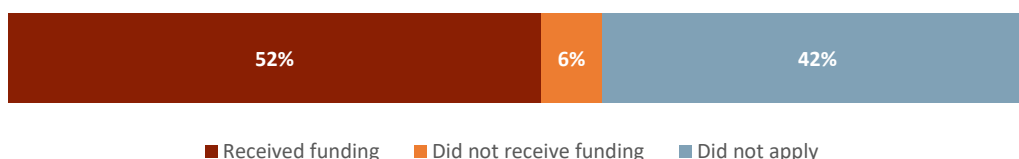


Figure 23. Q24: If you require financial assistance, how much is needed to maintain normal business operations over the next six months? Base: Required financial assistance (n=587).

The top source of government financial assistance was the Canadian Emergency Business Account (CEBA), followed by the Canada Emergency Wage Subsidy (CEWS). These two programs had the highest application and success rates for applicants, with 85% and 86% receiving funds, respectively (Figure 24).

Applied for Government Financial Assistance

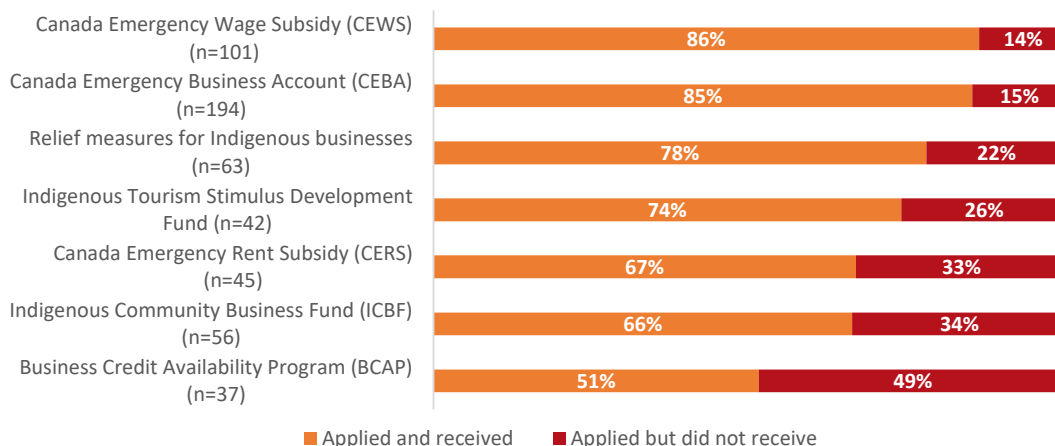


Figure 24. Q25: Please indicate whether you have applied for financial assistance from any of the following government sources: Base: Those who indicated they need financial assistance (n=554).

Among the businesses that applied for government assistance, half (52%) said they applied for less than \$50,000 while two in ten (23%) applied for larger amounts (Figure 25). On average, the amount of funding received matched the amount requested.

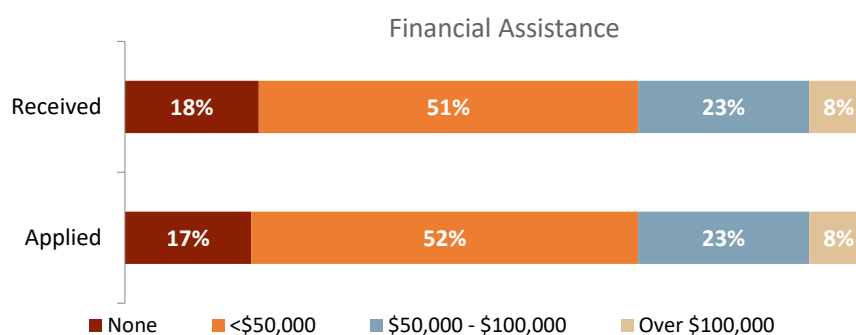


Figure 25. Q2: How much funding did you apply for? Base: Those who applied for financial assistance (n=379). Q27: How much funding did you receive? Base: those who received for financial assistance (n=350).

BARRIERS TO GOVERNMENT PROGRAMMING

In March 2020, the Government of Canada announced the COVID-19 Economic Response Plan (the Plan). The plan provides assistance to individuals, businesses, sectors, and organizations helping Canadians. The business supports include wage subsidies, tax remittance deferrals, loans, and the Canada Emergency Response Benefit (CERB) for self-employed individuals. Financing support for small and medium-sized businesses was announced on March 27, 2020.⁶ Export Development Canada (EDC), Canada's export credit agency, launched the Small and Medium-sized Enterprise Loan and Guarantee program that enables up to \$40 billion in additional lending.⁷ The EDC works with financial institutions to guarantee 80% of new operating and cash flow term loans of up to \$6.25 million to small and medium enterprises (SMEs).⁸

Shortly after, government funding for Indigenous businesses was introduced. On April 18, 2020, the Government of Canada announced up to \$306.8 million in funding for small- and medium-sized Indigenous businesses.⁹ The funding allows for short-term, interest-free, and non-repayable contributions. As of December 4, 2020, up to \$60,000 is available to small and medium-sized Indigenous businesses.¹⁰ Specifically, an interest-free loan up to \$40,000 and a non-repayable contribution up to \$20,000. The financial support is available through Aboriginal Financial Institutions (AFIs) and administered by the National Aboriginal Capital Corporations Association (NACCA) and the Métis capital corporations in partnership with Indigenous Services Canada.

Critically, the financial relief program for small- and medium-sized Indigenous businesses excluded band-owned, non-taxable businesses. The funding was not available to businesses owned by public institutions, including municipalities and local governments. The eligibility criteria for the financial aids created significant gaps in support for non-taxable and band-owned businesses. CCAB estimates that there may be close to 500 Aboriginal Economic Development Corporations (AEDCs) that are community-owned businesses, most of which operate as a parent company to subsidiary companies. One of CCAB's previous surveys of 49 AEDCs showed that they own an average of seven businesses.¹¹ This oversight would disproportionately impact Indigenous businesses located within their reserves or communities. To address this discrepancy, the Government of Canada introduced the Indigenous Community Business Fund. The program provides \$117 million in non-repayable financial contributions to support First Nations, Métis, and Inuit community or collectively owned businesses and microbusinesses whose revenues have been affected by the pandemic.¹²

Many Indigenous businesses indicated that meeting the eligibility criteria was a barrier to accessing government funding. Nearly half of Indigenous businesses say the financial requirements were a barrier to accessing the COVID-19 Economic Response Plan; one-quarter say they had difficulty meeting some of the application

6 Government of Canada. "Canada's COVID-19 Economic Response Plan: Support for Canadians and Businesses". Date accessed: March 19, 2021. <https://www.canada.ca/en/departement-finance/news/2020/03/canadas-covid-19-economic-response-plan-support-for-canadians-and-businesses.html>

7 Ibid.

8 Ibid.

9 Prime Minister of Canada. "Prime Minister announces support for Indigenous businesses." Date accessed: March 19, 2021. <https://pm.gc.ca/en/news/news-releases/2020/04/18/prime-minister-announces-support-indigenous-businesses>

10 Government of Canada. "Indigenous businesses initiative". Date accessed: March 19, 2021. <https://www.sac-isc.gc.ca/eng/1588079295625/1588079326171>

11 National Perspectives on Indigenous Prosperity: Aboriginal Economic Development Corporation Capacity Toronto: Canadian Council for Aboriginal Business, 2020. <https://www.ccab.com/wp-content/uploads/2020/02/CCAB-Report-1-web.pdf>

12 Government of Canada. "Indigenous Business Community Fund." Date accessed: March 19, 2021. <https://www.sac-isc.gc.ca/eng/1596809415775/1596809469296#Chap2>

requirements. Many Indigenous businesses are small, with few or no employees, which has made meeting payroll requirements (19%), inability to repay tax deferrals or loans (15%), or providing additional assets for security (13%) difficult for many businesses (Table 5).

Ensuring that government funding is accessible to Indigenous businesses is an ongoing challenge. Past CCAB research shows that in 2015, Indigenous businesses cite limited information (22%) and “red tape” (16%) as obstacles in accessing government programs — these were among the top three barriers.¹³ Government outreach and streamlining of application processes will be necessary to ensure that Indigenous businesses can access the funding that is available, and that Indigenous businesses are not considered an afterthought during program design and implementation.

Table 5. Q28: If you applied or considered applying to the Government of Canada’s COVID-19 Economic Response Plan, which of the following barriers have you faced, if any? Base: Total responding to question (n=715).

Barrier to Accessing COVID-19 Economic Response Plan	Phase 1 n=689	Phase 2 n=715
FINANCIAL REQUIREMENTS	NA	46%
Payroll is currently less than \$20,000	18%	19%
Insufficient short-term cash flow to repay tax deferrals or loans at a later date	23%	15%*
Lack of assets that can serve as security	13%	13%
Low credit ratings, limited equity/cash savings that serve as a barrier to federal programs administered by mainstream financial institutions	13%	11%
Inability to meet eligibility requirements of proving payroll due to employees being tax exempt	12%	11%
Current business debt is too high to service more debt, even if interest-free	14%	10%*
The business losses were less than the programs required	NA	9%
The business is not registered with the Canada Revenue Agency	NA	6%
APPLICATION REQUIREMENTS	NA	26%
Lack of relevant information, complicated application process	7%	11%
Requirements for financial statements and other financial records	11%	10%
Mainstream financial institutions require a higher level of due diligence/ guarantees for Indigenous businesses, on-going concerns with Indigenous business risk/security (Section 89, Indian Act)	NA	9%

13 Promise and Prosperity: The 2016 Aboriginal Business Survey (Toronto: Canadian Council for Aboriginal Business, 2016), <https://www.ccab.com/wp-content/uploads/2016/10/CCAB-PP-Report-V2-SQ-Pages.pdf>.

Barrier to Accessing COVID-19 Economic Response Plan	Phase 1 n=689	Phase 2 n=715
Legal structure of business (unincorporated, sole proprietor, or partnership not being supported)	12%	7%
Interest rates are too high	6%	5%
Language barriers	<1%	1%
OTHER	10%	9%
DID NOT FACE ANY BARRIERS	12%	15%



PROCUREMENT

A small proportion of Indigenous businesses bid on a government (5%) or corporate (4%) contract for providing PPE (Figure 26). In CCAB's first COVID-19 Indigenous Business Survey, 13% of businesses had registered with the federal government because they were able to support Canada's response to COVID-19. Further, 8% reported they could scale up production to provide PPE, and 12% already provided supplies or equipment that could help meet Canada's needs. This was at the early stages of the pandemic in May 2020. This indicates that Indigenous businesses have more capacity to support government PPE and procurement needs than are being bid on. The discrepancy between business capacity to support PPE contracts and the portion of Indigenous businesses currently bidding on (4%) and receiving (1%) government contracts may be due to a decrease in calls for PPE from the Government of Canada. Additionally, many procurement contracts have difficult requirements such as previous contracts with the federal government, high bid bonds or insurance, or complicated RFP processes that require too many company resources, or short-term RFP dates. CCAB continues to recommend simplifying application processes, increasing outreach and connections with Indigenous businesses, and building Indigenous business capacity for larger contracts. The survey explored some of these barriers to government procurement, detailed below.

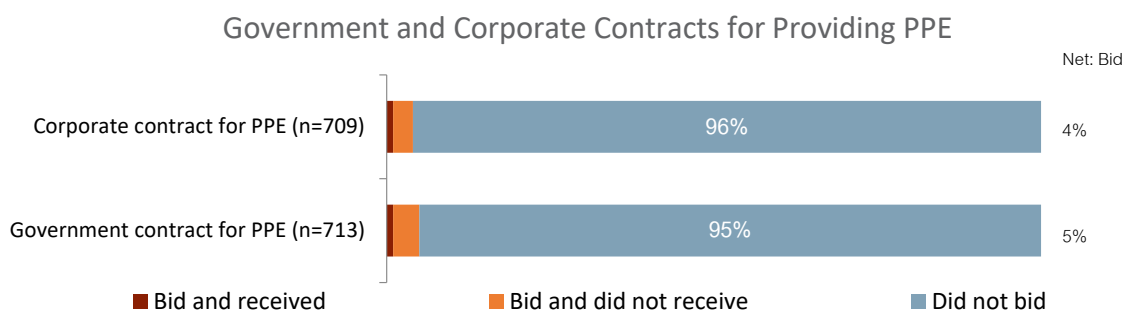


Figure 26 Q32: Has your business bid on a government or corporate contract for providing personal protective equipment during the COVID-19 pandemic? Base: Total responding to question (n=719).

Many barriers were identified to applying for PPE contracts, including a lack of knowledge of where to locate opportunities, lack of experience bidding or preparing a bid, the complexity of government procurement, and a size/scope of the project that is too large for the business (Figure 27). A 2019 report by CCAB on Ontario Indigenous business noted that one in four businesses did not feel knowledgeable about how to bid on government contracts. The same study showed that businesses felt their products or services were not relevant to government contracts (41%), the size or scope of the projects was too big (12%), they lacked knowledge or experience (10%), or that government procurement was too complex or time consuming (9%).¹⁴ CCAB's 2016 national study showed that, when asked about barriers to government programs, 22% of respondents felt that information was hard to access and 16% felt there was too much paperwork or red tape.¹⁵

14 *Promise and Prosperity: The 2020 Ontario Aboriginal Business Survey* (Toronto: Canadian Council for Aboriginal Business, October 2020), https://www.ccab.com/wp-content/uploads/2020/10/CCAB_PP_2020_Final.pdf

15 *Promise and Prosperity: The 2016 Aboriginal Business Survey* (Toronto: Canadian Council for Aboriginal Business, 2016), <https://www.ccab.com/wp-content/uploads/2016/10/CCAB-PP-Report-V2-SQ-Pages.pdf>.

Barriers to Applying for PPE Contracts

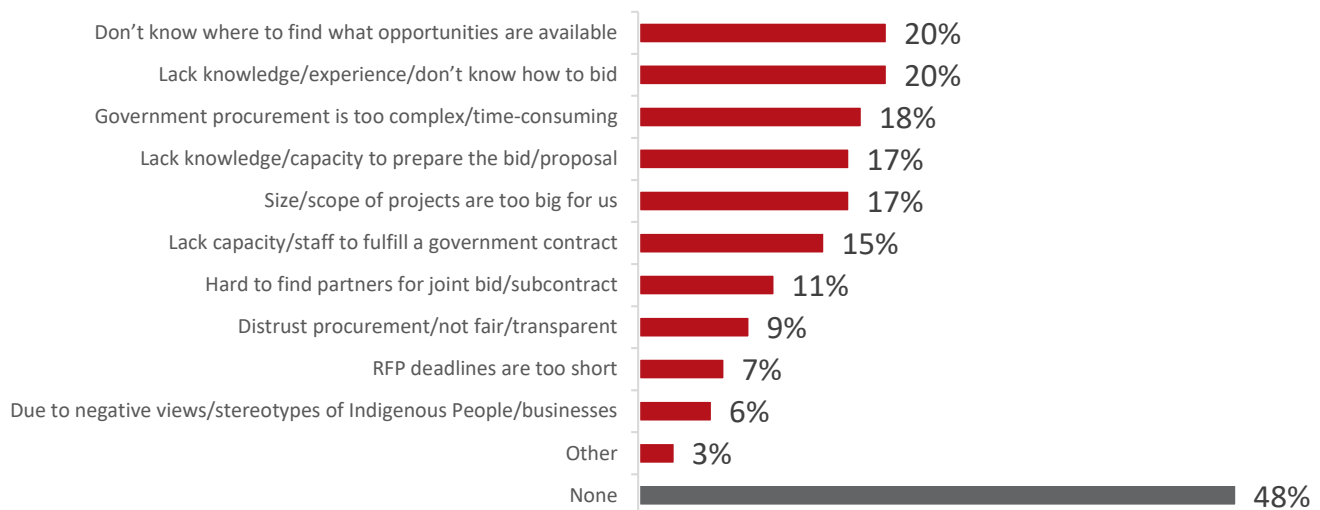


Figure 27. Q33: If you applied or considered applying to a government or corporate contract for PPE, what barriers, if any, did you experience? **Base: Total responding to question excluding "Prefer not to answer", "Don't know" and "Not applicable" (n=314).**

While few businesses have bid on and received a large-scale contract for PPE, one-third of Indigenous businesses reported pivoting from their original mandate to provide PPE during the pandemic (Figure 28). This would include those who are supplying protective gear such as masks to the public; this should be compared with caution to the proportion from Phase 1 who indicated they provide supplies to meet Canada's medical needs. However, the increased availability of crucial PPE supplies is a positive contribution to their communities regardless of scale.

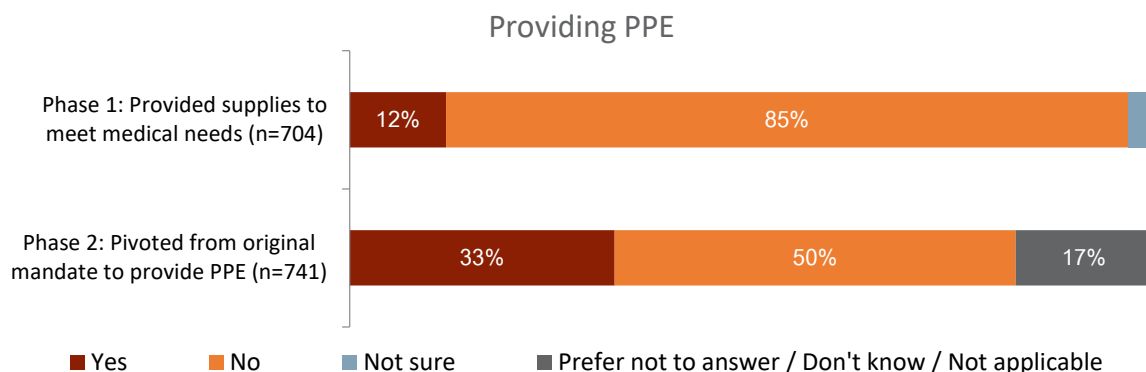


Figure 28. Q31: Has your business pivoted from its original mandate to provide personal protective equipment (PPE) during the COVID-19 pandemic? **Base: Total responding to question (n=741).**



CURRENT NEEDS

BUSINESS SURVIVAL RATE

In Phase 1 of the survey in May of 2020, more than half (54%) of respondents indicated their business would not be able to operate for more than six months without assistance. This figure has improved since then (44% in Phase 2), but still nearly half of businesses expected insecurities in the coming months (Figure 29). Indigenous business survival rates appear more critical compared to findings from the Canadian Survey on Business Conditions, where “over half (51.3%) of businesses did not know how long they could continue to operate at their current level of revenue and expenditures before considering closure or bankruptcy, while one-tenth (10.3%) of businesses reported they could continue for less than 12 months.”¹⁶ The proportion of Indigenous businesses who did not need further supports has increased from 11% in Phase 1 to 23% in Phase 2. While this may indicate that the situation is improving, it is crucial that governments continue to provide support for Indigenous businesses. It is also possible that some of the businesses that indicated they would not survive in Phase 1 have since closed and did not complete the survey.

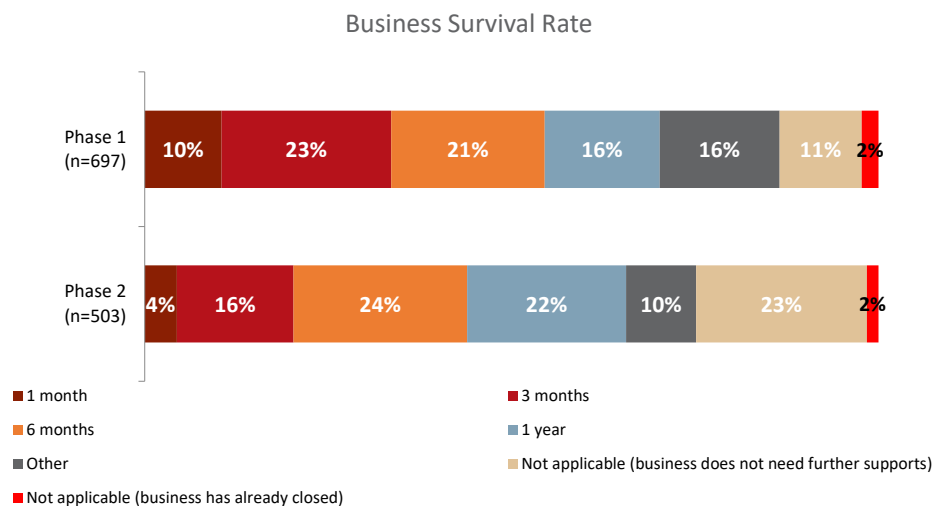


Figure 29. Q30: How long can this business continue to operate under current conditions, if no further supports are available? Base: Total responding to question excluding “Prefer not to answer” and “Don’t know” (n=503).

MOST PRESSING NEEDS

Despite the supports that governments have put in place over the past year, many businesses are still struggling. In an open response question, respondents were asked to provide their most pressing business concern at the time. The responses, while varied, reveal interesting results.

When asked their most pressing need, Indigenous businesses continued to cite a return to normal as their primary concern during the pandemic — some reported that they are unable to adapt to remote work, or have faced cancellation of contracts due to the pandemic (Table 6). Fewer than in Phase 1 expressed the need for additional financial support as their top priority (28%); however, it is important to note that this remains a significant area of concern as 72% responded that they still needed financial support.

16 Canadian Survey on Business Conditions, first quarter 2021 (Ottawa: Statistics Canada, 2021) <https://www150.statcan.gc.ca/n1/daily-quotidien/210305/dq210305b-eng.htm>

When compared to data from Phase 1, there was an increase in business concerns around adjusting to the pandemic. For example, 16% (up from 12%) needed help with management and planning. Additionally, 13% (up from 11%) cited the need for additional resources and training as their top priority, particularly around online or remote work. A small amount (6%) specifically mentioned adaptation and innovation as a key concern (Table 6).

Table 5. Q17: What is your most pressing business need at this time? Base: Total responding to question (n=750).

Most Pressing Business Needs	Phase 1 n=674	Phase 2 n=750
Economy / business / community back to normal in terms of ability to return to work and resume events and meetings, access to contracts, projects and clients, and the ability to generate revenue and increase sales, removal of COVID-19 restrictions on businesses, COVID-19 to be controlled, and expand services / products	53%	49%
Financial support, including support for maintaining business operations, and access to grants, loans, and capital	39%	28%
Support with management / planning / staff, including advertising / building awareness of their business, hire new staff, planning for resuming business in the future after the pandemic is over, and support for employee health / mental health	12%	16%
Additional resources and training, including access to FN communities to network / develop opportunities, building / construction projects, access to bigger office / manufacturing office, new equipment to grow / handle challenging times	11%	13%
Adaptation and innovation, including adding new production lines, building their online presence, or accelerating digital transformation	5%	6%

The following quotes were pulled from open-ended responses to the survey question: what is your most pressing business need at this time? Notably, a number of responses indicated a need for financial support but the inability of business owners to take on further debt.

“More grants. Definitely no more loans.”

“Financial support not in the form of a loan causing more debt and pressure on the struggling business. Desperately need [events] back as this is a HUGE part of our daily business.”

“We are now carrying too much debt that we have utilized as a means to survive. We are concerned that we will not be able to service our debt as the economy recovers. This also means that because of the debt load that we carry we still may struggle to meet our financial obligations for years to come.”

Other responses included a need for lower interest rates, new contracts and projects, and pivoting to adapt to remote work:

“I need my loan provider to lower their interest rate or find another loan provider who will take over with better interest rate.”

“Contracts. My company had a few projects lined up and ready. COVID has postponed a majority of those.”

“Restructuring to web-based business model. We used to network at many different events and trade shows and with communities locking down on COVID we were forced to cancel projects and delay them till this pandemic is over.”

“Funding to change how we operate. We used to visit personally every First Nation community. We cannot do that now and have restructured. This has depleted our available resources. However, we are able to open in 2021 due to these changes.”

SKILLS AND TRAINING

While few cited skills and training as their most pressing business need, the majority of respondents indicated that they require some form of additional training or support; only 7% indicated they needed no training or skills. The top results were split among two main categories: pivoting to online work and administrative support.

When it comes to online skills, social media/digital marketing training (45%), web development (36%), engaging clients remotely (30%), and ecommerce training (29%) were needed. Programs that can offer digital skills will be crucial for the recovery phase of the pandemic. In terms of administrative support, grant, proposal, or application writing was the top priority (43%). This was followed by long-term business planning (36%) and diversifying their client base (30%) (Figure 30). In addition, governments should consider streamlining or offering support for their application processes for funds and support, because the high need for training on this front indicates that Indigenous businesses are struggling with applications and grants. The administrative burden and red tape are a barrier to government programs and procurement that is cited by Indigenous businesses in this survey and other CCAB research. There is a pressing need for a navigator program that showcases all government funding opportunities (e.g., skills training, capacity building programs, grants, and contributions) available for Indigenous businesses. This could be made available to Indigenous businesses online, through a “one-stop-shop” digital platform with support services to further guide Indigenous businesses in their applications. Importantly, this work should be Indigenous led.

Skills and Training Needed



Figure 30. Q36: Which skills and training, if any, would be useful to you in navigating the business challenges you are currently facing due to the pandemic? Base: Total responding to question (n=705).

Critical Insights

- Women-owned businesses were more likely than men-owned businesses to say they needed each skill, except for training on COVID-19 safety regulations. One in ten (10%) of men-owned businesses indicated they needed no additional skills or training, compared to 4% of women-owned businesses.
- Businesses with no employees (35%) were more likely than businesses with employees (27%) to list e-commerce training and online sales as a necessary skill.
- Businesses with a revenue of less than one million were more likely than the average respondent to require support with grant writing (46%), diversifying their client base (32%), and e-commerce training (31%).

COMMUNITY SUPPORT AND OTHER PROGRAMS

OUTLOOK

It has been over a year since the beginning of the pandemic, and over 6 months since Phase 1 of the COVID-19 Indigenous Business Survey. Acknowledging the overwhelming changes that have occurred throughout 2020 and into 2021, we sought to understand Indigenous businesses' outlook for the future and their community networks. Businesses have adapted to new conditions, vaccines have been developed, and government programs have been implemented since the first phase of the survey.

Respondents were asked about their outlook for the next six months. There were mixed predictions about their business, with similar proportions who anticipated positive (37%) and negative (42%) impacts in the future. The remainder (21%) predicted no real change (Figure 31). Notably, the proportion of Indigenous businesses who were optimistic about the next six months was higher than those who reported positive impacts from COVID to date (13%), suggesting a sense of optimism about the future for some businesses.

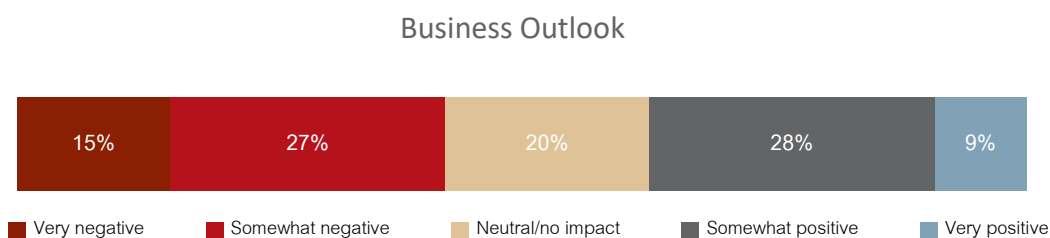


Figure 31. Q21: Looking ahead, what is your outlook for your business over the next six months, considering your business operations during the COVID-19 pandemic? Base: Total responding to question (n=818).

COMMUNITY NETWORKS

In addition to exploring non-government supports that businesses received, CCAB asked if businesses had tried to support their communities throughout the pandemic. One-third of participating businesses said they have taken initiatives to support people and/or other businesses in their community (Figure 32). The most common form of support was a “shop local” strategy, focusing on their Indigenous community, the region, or even Canadian businesses in general. Additionally, donating products, services or money was common among respondents. This fell into COVID-19 specific donations (like PPE, teaching about safety in the pandemic, shopping for vulnerable community members, and helping other businesses apply for government support) and community-oriented initiatives (particularly related to food security, necessities, or local charities). Many businesses understood the difficulties others were facing and adapted their pricing using discounts, deferred payment plans, and reducing pricing and fees. Others created partnerships and worked to help communities adapt to the pandemic. For example, one business provided technical support to local schools to help them switch over to online learning.

Supporting People and Businesses in the Community

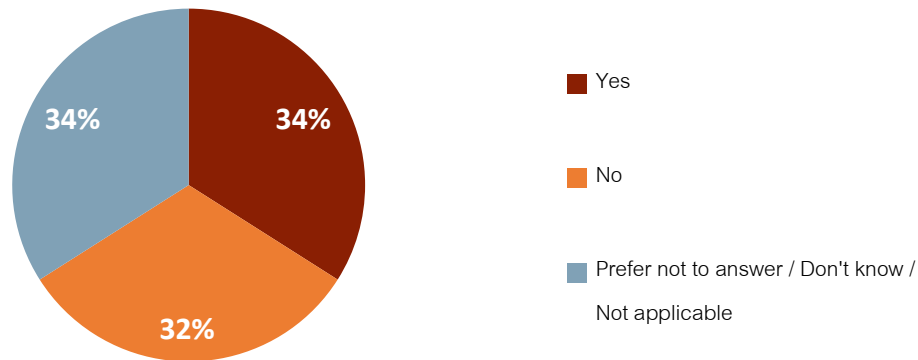


Figure 32. Q34: During the pandemic, what initiatives, if any, have you put in place to support people and/or other businesses in your community? Base: All respondents (n=720).

The following quotes were pulled from open-ended responses to the survey question: During the pandemic, what initiatives, if any, have you put in place to support people and/or other businesses in your community?

"Free masks and gloves for the community, plexiglass barriers, signage, posters, and we expanded our waiting area for social distancing. We have started more outreach to seniors and elders, as well as deliveries to those isolating & alone. We are providing stress management counseling, and brought a psychologist on board to meet counseling demand for patients."

"We implemented delivery services to our surrounding Indigenous communities with regular site visits to support ongoing adherence to COVID safety guidelines. Continually doing needs assessments and adjusting practices to suite specific community needs. We hosted a fundraiser for our local community food bank and also hosted and facilitated an online virtual business summit for local businesses."

"As a community we have come together with businesses in the shop local campaign. We have had contests, partnered with other local businesses to offer bundles of local goods."

"Provided loans to other First Nations entrepreneurs in our sector; one with annual sales of \$200,000 and the other with annual sales \$800,000. Job creation totalled 10 full and part-time positions."

"I assisted with pandemic funding applications for other Indigenous businesses."

"We've offered wholesales with higher margins for retailers. We've launched a bursary program wherein a dollar amount from every sale is invested back into our community to support elders, children, and women. We've loaned money to our employees when they've been short on rent, etc."

"I did computer support and consulting to schools allowing them to move to online learning easier. This was done for free and there was a need in my community."

"Provided space for small start up business to operate with out lease costs and shared expenses."

BUSINESS ADAPTIONS

In the past year, businesses have experienced challenges across all industries and areas of the economy. In response to this, businesses, employers, and employees have had to make major changes to their processes, products, and offerings. Accelerating digital transformation and building online presence was the main way businesses have adapted to the pandemic, making up the top five responses via increased online communication (38%) and marketing (33%), creation of an online platform (28%), and hosting online events (22%). Businesses were also changing their products and services to meet demands (20%), changing the physical space of their business (20%), and working to reach new clients (17%) (Figure 33).

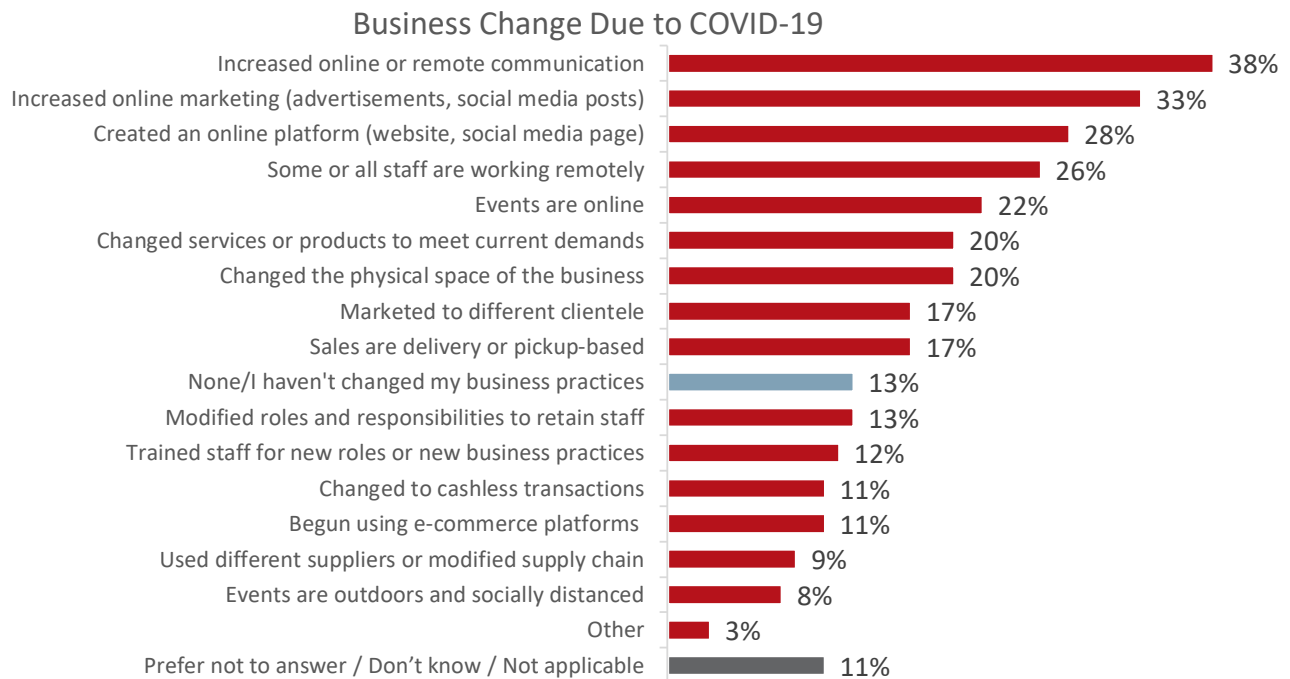


Figure 33. Q35: In which of the following ways, if any, have you changed your business as a direct result of the pandemic? Base: Total responding to question (n=710).



CALLS TO ACTION

Based upon the findings of the COVID-19 Indigenous Business Survey, CCAB believes the following actions — on the part of governments, financial institutions, and Aboriginal entrepreneurs themselves — will help more Indigenous businesses survive the ongoing economic impacts of the pandemic.

Develop and implement policies, programming, and other supports to address the additional barriers for Indigenous businesses throughout the pandemic and expected recovery phase.

Over 60,000 Indigenous businesses are operating across all sectors and regions in Canada. Support services should consider differential impacts and factors such as gender, identity, industry, and location of business. Government at all levels should work together with Indigenous businesses and local, regional, and national organizations to co-create policies and programming that meet the unique needs of Indigenous businesses across Canada.

Provide additional funding to Indigenous businesses, particularly in forms other than loans.

Indigenous Businesses require additional financial support to survive the ongoing impacts of the pandemic. Importantly, businesses that responded to both Phase 1 and Phase 2 of the COVID-19 Indigenous Business Survey stated that they cannot take on further debt. Financial support in the form of non-repayable loans or grants is needed to ensure the maintenance and recovery of Indigenous businesses across Canada. Supports should include expanded eligibility requirements and improved access to financial programs for Indigenous businesses that have no current or previous lending relationships; and emergency funding for businesses that have predicted business closure in one to six months without further support.

Encourage innovation and adaptation

In response to COVID-19 restrictions, businesses, employers, and employees have had to make major changes. Indigenous businesses have always been resilient, and nearly one in three (28%) respondents indicated that they have accelerated digital transformation and built a new online presence to adapt to the pandemic. However, the majority (93%) of businesses still require some form of support for skills training and business adaptation. As we enter the second year of the COVID-19 pandemic and the reliance on a digital economy grows, government supports should be focused on building Indigenous business capacity, as well as the digital and communications infrastructure to support it. Support for skills training in social media/digital marketing, web development, and e-commerce are of particular need.

Increase knowledge and accessibility of government supports.

Many respondents mentioned the difficult and cumbersome application process for accessing the Canadian Emergency Response Plan. Additionally, while most Indigenous businesses that applied for government supports received it, a large number (42%) of businesses that stated they require financial assistance did not apply for any government support. There is a significant disconnect between the need for financial support and the number of Indigenous businesses who applied for it. These findings indicate a need for improved communication and outreach by the federal government, in addition to streamlined processes to ensure that Indigenous businesses are both aware of and able to access the available supports. With over 200 programs

currently available, this is an onerous task for any organization and even more so for an individual business. There is a continued need for not just a single location with all resources (such as a directory or interactive navigator tool), but for further information to enable Indigenous businesses to understand the unique eligibility requirements, application needs, and an assessment of risks and opportunities for the various programs. This program must be Indigenous led.

Conduct further research to understand the impacts and needs of Indigenous businesses as they continue to evolve throughout the COVID-19 pandemic and into the recovery period.

While data from Phase 2 of the COVID-19 Indigenous Business Survey demonstrated an upward trend in business resiliency since May 2020, it is expected that Indigenous businesses who have been forced to close were underrepresented in the data. Those who were no longer in business or who are significantly struggling may not have had the time or energy to respond to the survey and, therefore, results may seem more optimistic than reality. Further research is especially needed to determine the percentage of Indigenous businesses that have already closed — temporarily or permanently — throughout the pandemic. This research could help inform recovery strategies for businesses who need it most, including those that have shut down entirely. Additionally, Indigenous businesses in Canada are not a homogenous group. They are operating across all regions and sectors of the economy and the impacts of the COVID-19 pandemic have been felt differently across Indigenous identity groups, locations, genders, and industries. Targeted research should be conducted to determine the unique impacts and needs of different subgroups of the Indigenous business population.

APPENDIX: BUSINESS PROFILE

Business Characteristics		Phase 1 (n=833)	Phase 2 (n=825)
Privately/community owned	Privately-owned	77%	87%
	Community-owned	10%	6%
	AEDC	7%	2%
Not-for-profit organization	Yes	10%	6%
	No	87%	91%
Business incorporated	Yes	60%	56%
	No	36%	41%
Business size	No Employees	24%	28%
	1-19 Employees	60%	65%
	Over 20 Employees	14%	7%
Annual revenue	<\$1M	71%	75%
	\$1M to \$5M	15%	9%
	Over \$5M	7%	4%
Industry	Service	61%	58%
	Secondary	17%	17%
	Natural Resources	12%	13%
	Construction	11%	11%
Indigenous ownership	First Nations	72%	64%
	Métis	18%	30%
	Inuit	4%	3%
Gender of owner/majority ownership	Female	37%	40%
	Non-Female	58%	50%
Regions	BC	16%	21%
	AB	8%	18%
	SK/MB	9%	21%
	ON	18%	25%
	QC	10%	4%
	ATL	5%	6%
	Territories	4%	4%
	NA/DK	31%	NA
Business age	Less than 5 years	NA	45%
	6-15 years	NA	30%
	More than 15 years	NA	25%
Inside/outside community	Inside community	46%	40%

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